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Craig

Report

of

The

Craig Bit Company

Limited

For the Year Ended September 30th, 1967

THE CRAIG BIT COMPANY LIMITED

DIRECTORS

J. C. ALEXANDER	Galt, Ontario
J. A. DRAIN	Ligonier, Pa.
C. J. KNORR	Pittsburgh, Pa.
J. KOSTUIK	Don Mills, Ontario
K. V. LINDELL	Asbestos, Quebec
R. C. MOTT	Toronto, Ontario
E. O'NEIL	Pittsburgh, Pa.

OFFICERS

J. C. ALEXANDER	PRESIDENT
J. A. READ	WORKS MANAGER
D. N. MORRIS	SECRETARY-TREASURER

HEAD OFFICE

180 Ninth Street	North Bay, Ontario
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AUDITORS

PRICE WATERHOUSE & CO.	Hamilton, Ontario
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TRANSFER AGENT AND REGISTRAR

MONTREAL TRUST CO.	Toronto, Ontario
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ANNUAL REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF THE CRAIG BIT COMPANY LIMITED

Your Board of Directors is pleased to submit herewith its Annual Report, together with the Auditors' Report, for the year ending September 30th, 1967.

These reports will be presented for the approval of Shareholders at the Annual Meeting of the Company, to be held in the Prince Edward Island Room at the Royal York Hotel, Toronto, on Friday, January 26th, 1968, at 11:00 o'clock A.M.

The improved earnings are the continuing result of the revitalization of management, manufacturing techniques and quality control programmes, instituted in the latter months of fiscal 1966.

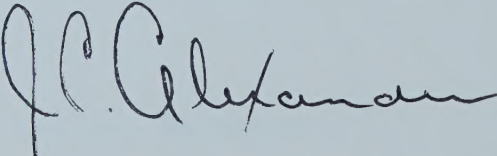
We are continuing our drive for increased sales and, at the same time, are giving special emphasis to new product development.

During this past year additional equipment, costing in excess of \$132,000, was installed in the plant, to provide increased capacity and improved products and profits. We do not see the need for any major installations of equipment in the next year.

The increase in inventories is a direct result of increased sales to the mining and construction industries, requiring back-up stocks of steel and bits.

The Board wishes to express its appreciation to the Officers and Employees of the Company for their excellent support and co-operation during this past year.

On behalf of the Board,



J. C. ALEXANDER, PRESIDENT.

PRICE WATERHOUSE & CO.

8TH FLOOR, UNION GAS BUILDING
20 HUGHSON STREET SOUTH
HAMILTON, ONTARIO

AUDITORS' REPORT

October 27, 1967.

To the Shareholders of
The Craig Bit Company Limited:

We have examined the balance sheet of The Craig Bit Company Limited as at September 30, 1967, and the statements of operations and earned surplus and source and use of funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at September 30, 1967, and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse Co.

Chartered Accountants.

THE CRAIG B

(Incorporated U

BALANCE SHEET

With comparative

ASSETS

	1967	1966
CURRENT ASSETS:		
Cash	\$ 2,200	\$ 79,896
Short term investments, at cost	32,420	253,664
Accounts receivable	267,779	188,686
Income taxes recoverable		10,536
Inventories, valued at the lower of cost or net realizable value	721,370	478,771
Prepaid expenses	18,088	18,704
	<hr/>	<hr/>
	1,041,857	1,030,257
LAND, BUILDINGS, MACHINERY AND EQUIPMENT, at cost	1,209,612	1,088,260
Less—Accumulated depreciation	868,338	830,027
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	341,274	258,233
BONDS ON DEPOSIT as power contract guarantees— at cost (current market value \$3,122)	3,427	3,427
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	\$1,386,558	\$1,291,917
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COMPANY LIMITED

(Incorporated under the Laws of Ontario)

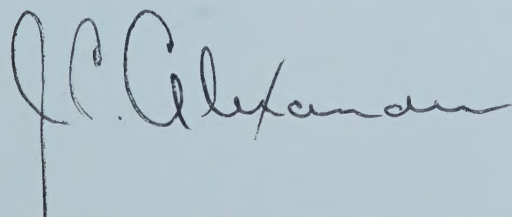
SEPTEMBER 30, 1967

as at September 30, 1966

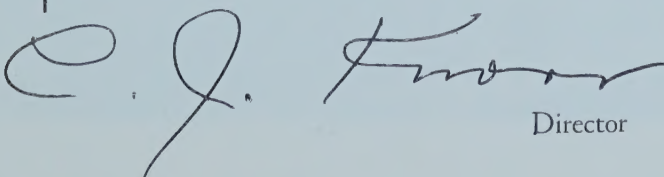
LIABILITIES

	1967	1966
CURRENT LIABILITIES:		
Bank advances	\$ 34,953	
Accrued wages and salaries including provision for vacation pay	50,562	\$ 34,977
Accounts payable and accrued	94,281	139,515
Income taxes payable	22,715	
Dividends payable	9,280	4,640
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	211,791	179,132
DEFERRED INCOME TAXES (note)	58,800	35,800
CAPITAL STOCK AND SURPLUS		
Capital Stock—		
Authorized—500,000 common shares of no par value		
Issued and fully paid — 232,000 common shares	180,214	180,214
Earned surplus, per statement attached	935,753	896,771
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	1,115,967	1,076,985

APPROVED ON BEHALF OF THE BOARD:



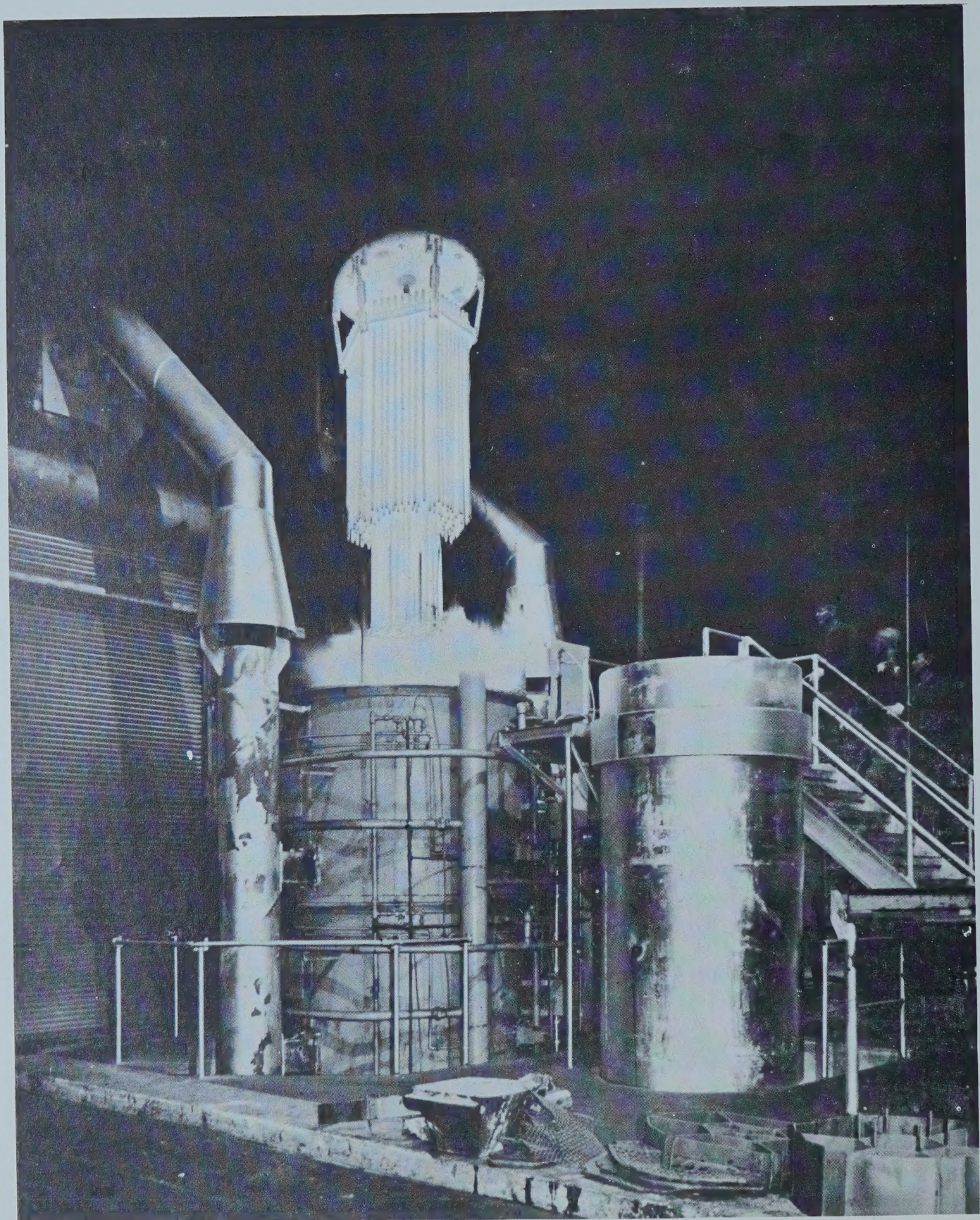
Director



Director

\$1,386,558

\$1,291,917



New Carburizing Furnace Installed During the Year

Photo by POLAR STUDIO
North Bay

THE CRAIG BIT COMPANY LIMITED

STATEMENT OF OPERATIONS AND EARNED SURPLUS

FOR THE YEAR ENDED SEPTEMBER 30, 1967

With comparative figures for the year 1966

	1967	1966
Net sales	\$1,443,395	\$1,206,646
Investment income	8,370	17,140
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	1,451,765	1,223,786
Costs and expenses exclusive of items noted below	1,277,148	1,161,302
Depreciation	49,435	46,510
Income taxes	63,000	7,000
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	1,389,583	1,214,812
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Net income for the year	62,182	8,974
Earned surplus at beginning of year	896,771	906,357
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	958,953	915,331
Less—Dividends declared	23,200	18,560
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Earned surplus at end of year	<u>\$935,753</u>	<u>\$ 896,771</u>

NOTE: The provision for income taxes of \$63,000 for the year 1967 includes an amount of \$23,000 which is not currently payable as a result of claiming for tax purposes capital cost allowances in excess of depreciation recorded in the accounts. This amount of \$23,000 is applicable to those future periods in which capital cost allowances claimed for tax purposes will be less than depreciation recorded in the accounts and is accordingly included in the balance sheet as "Deferred Income Taxes".

THE CRAIG BIT COMPANY LIMITED

STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1967

With comparative figures for the year 1966

	1967	1966
SOURCE OF FUNDS:		
Net profit for the year	\$ 62,182	\$ 8,974
Depreciation	49,435	46,510
Deferred income taxes	23,000	5,800
	<hr/>	<hr/>
	134,617	61,284
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USE OF FUNDS:		
Increase in fixed assets (net)	132,476	14,304
Dividends declared	23,200	18,560
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	155,676	32,864
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Increase (decrease) in working capital	(21,059)	28,420
Working capital at beginning of year	851,125	822,705
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Working capital at end of year	<u>\$830,066</u>	<u>\$851,125</u>



CANADA'S MOST COMPLETE RANGE OF QUALITY RODS AND BITS

**SALES AND SERVICE BY:
JOY MANUFACTURING COMPANY (CANADA) LTD.**